## Approved For Release 2002/05/01 CIA-RDP78-05747A000200060025-5



| alkandel Po  | Fi z | Deputy Director (Mana)   |         |
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- 1. I was forwarding a copy of reference and cited references as I feel that you desire to be informed regarding the handling of problem cases as they arise in your area.
- of subject has been effected on the beats of available documentation, it connot be conclusively stated that all funds advenced have, in fact, been applied to purposes of the projects. Installity to establish acceptable such tesidence of the use of funds in this case is due to the fact that because of operational security representations, the siministrative plans provided that finis could be accounted for solely on the beats of certification by the trincipal Agent.
- In operational considerations which dictate the recessity for deviating from generally accepted standards and procedures for the administration and control of the financial aspects of sensitive projects is, of course, fully recognized and accepted as an inherent factor in the activities of our agency. In such instances, however, the Agency, and some specifically, responsible operations officials assume a peculiar responsibility for coursising special attention and actutement in the direction and review of projects and their principals to assume that the Agency's interests are fully protected. Failure to recognize and discharge this special responsibility inevitably leads to deficiencies in control which any not only invite alcase and missions explication of funds, but also jeoperaise our authority to make the deviations and exceptions to generally accepted practices which are considered essential to our missions.
- for which subject was the frincipal agent then the projects otherwise strengthened, we must still been revised and control over the projects otherwise strengthened, we must still rely to a large degree on operational rather than administrative or accounting control to season that integrity in financial administration of the projects



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- 1. I un fermerding a cepy of reference and cited references as I feel that you desire to be informed regarding the handling of problem cases as they arise in your area.
- 2. You will note from reference that while settlement of the accounts of subject has been effected on the basis of available documentation, it coments be conclusively stated that all funds advanced have, in fact, been applied to purposes of the projects. Installity to establish acceptable satist evidence of the use of funds in this case is one to the fact that because of operational security representations, the administrative plans provided that Annie could be accounted for solely on the basis of certification by the rinoipal Agent.
- In operational considerations which dictate the necessity for deviating from generally accepted standards and procedures for the administration and control of the financial aspects of seasitive projects is, of course, fully recognized and accepted as an inherent factor in the activities of our egacy. In such instances, however, the Agency, and some specifically, responsible operations officials assume a peculiar responsibility for exercising special attention and actualcases is the direction and review of projects and their principals to assume that the Agency's interests are fully protected. Failure to recognize and discharge this special responsibility inevitably leads to deficiencies in control which any not only invite misuse and sissipplication of funds, but also jeopardize our authority to rake the devictions and exceptions to generally accepted practices which are considered essential to our missions.

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is maintained. In view of this fact, as well as the history of past deficiencies in the administration of the projects, you may denire to initiate a re-examination of the operations of the projects to assure that sound principles of direction and control are now in effect.

Deputy Director (Support)

attachment

2 December 1957

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